

Message Text

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ACTION EUR-12

INFO OCT-01 EA-07 ISO-00 AID-05 CEA-01 CIAE-00 COME-00
EB-08 FRB-03 INR-07 NSAE-00 SP-02 STR-04 TRSE-00
LAB-04 SIL-01 OMB-01 XMB-02 L-03 /061 W
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R 111217Z MAR 77
FM USMISSION EC BRUSSELS
TO SECSTATE WAEHDC 3227
INFO ALL EC CAPITALS 3252
AMEMBASSY TOKYO
AMEMBASSY OTTAWA
USMISSION OECD PARIS

C O N F I D E N T I A L EC BRUSSELS 2350

PASS TREASURY (RYSS), EXIM (MINIKIES)

E.O. 11652: GDS
TAGS: EFIN, ETRD, EEC
SUBJECT: EXPORT CREDIT CONSENSUS: EC RESOLUTION OF COMPETENCY
ISSUE

REF: (A) EC BRUSSELS 2013, (B) BONN 4331

1. AS FORESHADOWED REF A, THE EC COREPER ALTERNATES MARCH 9
APPROVED THE COMMISSION PROPOSAL FOR A COUNCIL DECISION ADOPTING
FOR THE COMMUNITY THE TERMS OF THE EXPORT CREDIT CONSENSUS
THROUGH JUNE 30, 1977. THE DECISION ALSO SPELS OUT COMPLICATED
PROCEDURES FOR NOTIFICATION OF DEROGATIONS FROM THE CONSENSUS.
THE DECISION WILL BE FORMALLY ADOPTED WITHOUT DISCUSSION AS AN
A POINT AT THE MARCH 14 FINANCE COUNCIL. US AND OTHER THIRD COUNTRY
PARTICIPANTS IN THE CONSENSUS WILL BE FORMALLY NOTIFIED BY A NOTE
VERBAL IMMEDIATELY AFTER THE COUNCIL DECISION BECOMES EFFECTIVE.
OTHER OECD COUNTRIES WILL BE NOTIFIED ON THE OCCASION OF THE
APRIL MEETING OF THE OECD EXPORT CREDIT GROUP.

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2. NOW THAT COMPETENCY ISSUE HAS BEEN SETTLED, THE COMMISSION
IS LOOKING FORWARD TO NEGOTIATIONS ON BEHALF OF THE COMMUNITY
WITH PARTNERS IN EXPORT CREDIT CONSENSUS TO EXTEND AND IMPROVE
IT BEYOND ITS PRESENT EXPIRATION DATE, JUNE 30, 1977 FREIDRICH KLEIN,
DIRECTOR IN DG-I WITH RESPONSIBILITY FOR EXPORT CREDIT AREA
HOPES TO BE ABLE TO DISCUSS FURTHER STEPS TO ACHIEVE THIS WITH
RESPONSIBLE US REPRESENTATIVES AT THE APRIL OECD MEETING.

(HE ASKED WHO WOULD BE ATTENDING FOR US) ALTERNATIVELY, OR
ADDITIONALLY, HE MIGHT GO TO WASHINGTON FOR DISCUSSIONS.

3. KLEIN GAVE MISSION OFFICER HIS PERSONAL VIEW THAT TIME WOULD
NOT PERMIT RE-NEGOTIATION OF THE TERMS OF THE CONSENSUS BEFORE
JUNE 30. THEREFORE, PRESENT CONSENSUS MIGHT BE EXTENDED FOR SIX
MONTHS TO ALLOW MORE TIME. HE DID NOT FEEL TIME WOULD BE RIPE
FOR CONVERSION OF CONSENSUS INTO A FORMAL AGREEMENT THIS YEAR,
AND QUITE POSSIBLY FOR SOME PERIOD BEYOND. KLEIN ALSO EXPRESSED
PERSONAL PREFERENCE FOR NEGOTIATION OF MAIN ELEMENTS OF NEW
CONSENSUS IN SMALL GROUP OF MOST IMPORTANT COUNTRIES BEFORE
BRINGING IN OTHER OECD COUNTRIES.

4. KLEIN DID NOT MENTION SIX MONTH PERIODIC RENEWAL PROCESS
(REPORTED REF B) WHICH WE HAD HEARD FROM OTHER BRUSSELS SOURCES.
WHEN WE ASKED ABOUT THIS, HE WAS VERY RETICENT ABOUT DISCUSSING
THE MATTER, SAYING ONLY THAT THIS WAS NOT IN THE COUNCIL DECISION,
AND THAT IT WAS NOT YET AN EXTERNAL MATTER.

5. COMMENT. SINCE THE COUNCIL DECISION ONLY EXTENDS THROUGH
JUNE 30, 1977 (THE PERIOD COVERED BY THE PRESENT ONE YEAR EXPORT
CREDIT CONSENSUS) IT NATURALLY SAYS NOTHING ABOUT PROCEDURES TO
BE FOLLOWED BEYOND THAT TIME, WHICH WOULD, IN ANY CASE, HAVE TO
BE NEGOTIATED WITH OTHER CONSENSUS PARTICIPANTS. THE SIX MONTH
PERIODIC RENEWAL PROCESS, THEN, WOULD SEEM TO BE AN INTERNAL
UNDERSTANDING THAT THE EC WOULD INSIST THAT SUCH A FEATURE BE
PART OF ANY RE-NEGOTIATED CONSENSUS. WE WOULD NOT INTERPRET SUCH
AN UNDERSTANDING TO MEAN THAT FOLLOWING SIX-MONTH PERIOD INDIVIDUAL
MEMBER STATES WOULD HAVE THE POWER TO ACT ON THIS MATTER
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INDEPENDENTLY OF A COUNCIL DECISION.

6. CONFIDENTIAL COPY OF COUNCIL DECISION AND NOTE ACCOMPANYING
IT ARE BEING POUCHED TO DEPARTMENT. HINTON

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Message Attributes

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Disposition Approved on Date:
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